

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

Bay State Gas Company

D.T.E. 05-27

**ATTORNEY GENERAL'S TWENTY-FOURTH SET OF
DOCUMENT AND INFORMATION REQUESTS**

The following are the Attorney General's TWENTY-FOURTH SET of discovery and information requests.

- AG 24-1 Please refer to the NiSource - IBM Outsourcing Announcement of June 21, 2005 ("IBM Agreement"). Please provide a copy of the IBM Agreement.
- AG 24-2 Please refer to the NiSource - IBM Outsourcing Announcement of June 21, 2005 ("IBM Agreement"). Please provide all workpapers, calculations, data and assumptions supporting the Company's assertion that the IBM Agreement is worth \$1.6 billion to IBM.
- AG 24-3 Please refer to the NiSource - IBM Outsourcing Announcement of June 21, 2005 ("IBM Agreement"). Please identify the amount of the \$1.6 billion cost to NiSource that NiSource will allocate or assign to each NiSource subsidiary. Please provide all workpapers, calculations, data and assumptions supporting the Company's answer. Please provide an explanation for each allocation or assignment, including to Bay State Gas Company ("Company").
- AG 24-4 Please refer to the NiSource - IBM Outsourcing Announcement of June 21, 2005 ("IBM Agreement"). Please identify how much of the Company's allocated or assigned share of the \$1.6 billion cost will the Company seek to recover from ratepayers. Please explain how the Company proposes to recover that amount from ratepayers.
- AG 24-5 Please refer to the NiSource - IBM Outsourcing Announcement of June 21, 2005 ("IBM Agreement"). Please provide all workpapers, calculations, data and assumptions supporting the Company's assertion that the Agreement will deliver \$530 million in operating and capital cost savings.
- AG 24-6 Please refer to the NiSource - IBM Outsourcing Announcement of June 21, 2005 ("IBM Agreement"). Please identify the amount of the \$530 million in operating and capital cost savings that NiSource will allocate or assign to each NiSource subsidiary. Please provide all workpapers, calculations, data and assumptions supporting the Company's answer.

Please provide an explanation for each allocation or assignment, including to the Company.

- AG 24-7 Please refer to the NiSource - IBM Outsourcing Announcement of June 21, 2005 ("IBM Agreement"). Please identify how much of the Company's allocated or assigned share of the \$530 million in savings will the Company pass along to its ratepayers. Please explain how the Company proposes to reflect that share of savings.
- AG 24-8 Please refer to the NiSource - IBM Outsourcing Announcement of June 21, 2005 ("IBM Agreement"). Please provide all workpapers, calculations, data and assumptions supporting the Company's assertion that the Agreement will cost NiSource \$35 million for a one-time severance expense.
- AG 24-9 Please refer to the NiSource - IBM Outsourcing Announcement of June 21, 2005 ("IBM Agreement"). Please identify the amount of the \$35 million severance expense that NiSource will allocate or assign to each NiSource subsidiary. Please provide all workpapers, calculations, data and assumptions supporting the Company's answer. Please provide an explanation for each allocation or assignment, including to the Company.
- AG 24-10 Please refer to the NiSource - IBM Outsourcing Announcement of June 21, 2005 ("IBM Agreement"). Please identify how much of the Company's allocated or assigned share of the \$35 million in severance expense will the Company seek to recover from its ratepayers. Please explain how the Company proposes to recover that share of expense.
- AG 24-11 Please refer to the NiSource - IBM Outsourcing Announcement of June 21, 2005 ("IBM Agreement"). Please provide all workpapers, calculations, data and assumptions supporting the Company's assertion that the Agreement will cost NiSource \$35 million in transition costs.
- AG 24-12 Please refer to the NiSource - IBM Outsourcing Announcement of June 21, 2005 ("IBM Agreement"). Please identify the amount of the \$35 million transition costs that NiSource will allocate or assign to each NiSource subsidiary. Please provide all workpapers, calculations, data and assumptions supporting the Company's answer. Please provide an explanation for each allocation or assignment, including to the Company.
- AG 24-13 Please refer to the NiSource - IBM Outsourcing Announcement of June 21, 2005 ("IBM Agreement"). Please identify how much of the Company's allocated or assigned share of the \$35 million in transition costs will the Company seek to recover from its ratepayers. Please explain how the Company proposes to recover that share of expense.
- AG 24-14 Please refer to the NiSource - IBM Outsourcing Announcement of June 21, 2005 ("IBM Agreement"). Please provide all workpapers, calculations, data and assumptions supporting the Company's assertion that the Agreement will cost NiSource \$50 million in governance costs.
- AG 24-15 Please refer to the NiSource - IBM Outsourcing Announcement of June

- 21, 2005 (“IBM Agreement”). Please identify the amount of the \$50 million in governance costs that NiSource will allocate or assign to each NiSource subsidiary. Please provide all workpapers, calculations, data and assumptions supporting the Company’s answer. Please provide an explanation for each allocation or assignment, including to the Company.
- AG 24-16 Please refer to the NiSource - IBM Outsourcing Announcement of June 21, 2005 (“IBM Agreement”). Please identify how much of the Company’s allocated or assigned share of the \$50 million in governance costs will the Company seek to recover from its ratepayers. Please explain how the Company proposes to recover that share of expense.
- AG 24-17 Please refer to the NiSource - IBM Outsourcing Announcement of June 21, 2005 (“IBM Agreement”). Please provide all workpapers, calculations, data and assumptions supporting the Company’s assertion that the Agreement will cost NiSource \$21 million in non-cash pension expense.
- AG 24-18 Please refer to the NiSource - IBM Outsourcing Announcement of June 21, 2005 (“IBM Agreement”). Please identify the amount of the \$21 million in non-cash pension expense that NiSource will allocate or assign to each NiSource subsidiary. Please provide all workpapers, calculations, data and assumptions supporting the Company’s answer. Please provide an explanation for each allocation or assignment, including to the Company.
- AG 24-19 Please refer to the NiSource - IBM Outsourcing Announcement of June 21, 2005 (“IBM Agreement”). Please identify how much of the Company’s allocated or assigned share of the \$21 million in non-cash pension expense will the Company seek to recover from its ratepayers. Please explain how the Company proposes to recover that share of expense.
- AG 24-20 Please refer to the NiSource - IBM Outsourcing Announcement of June 21, 2005 (“IBM Agreement”). Please identify the “technology advances and enhanced service capabilities” that NiSource expects the IBM Agreement to produce.
- AG 24-21 Please refer to the NiSource - IBM Outsourcing Announcement of June 21, 2005 (“IBM Agreement”). Please identify the “growth opportunities” referenced on page 2 of the IBM Agreement to which NiSource intends to re-deploy its capital.
- AG 24-22 Please refer to the NiSource - IBM Outsourcing Announcement of June 21, 2005 (“IBM Agreement”). Please identify which of the 445 NiSource positions slotted for elimination are Company employees.
- AG 24-23 Refer to the Company’s response to DTE-7-1. Please provide the annual contributions Bay State made as part of the East Coast Distributors Fund to Gas Research Institute/Gas Technology Institute from 1998 to August 2004.

- AG 24-24 Refer to the Company's response to DTE-7-2. Please provide a copy of the settlement agreement, including any exhibits, amendments and attachments, between East Coast Distributors and the Gas Research Institute.
- AG 24-25 Refer to the Company's response to AG-9-48. In D.T.E. 02-24/25, the Department directed that certain improvements must be made to future marginal cost studies. Specifically, the Department stated that "an analysis must be performed to check the theoretical consistency of the marginal cost model being used. The shape and location of the marginal cost curve must be determined to provide this consistency as well as an assessment of whether the distribution costs exhibit increasing, constant, or decreasing returns to scale." D.T.E. 02-24/25, at 244-245. Please explain how the Company's marginal cost study complies with the Department's directives quoted above.
- AG 24-26 Refer to the Company's response to AG-9-49. In D.T.E. 03-40, the Department provided additional directives relating to all future marginal cost studies. Among the improvements mandated, the Department instructed that "a company must use reliable data, whenever a throughput or number of customers is used as an explanatory variable in the regression analysis, throughput must be calculated as total throughput minus interruptible sales and interruptible transportation. Likewise, number of customers must be equal to total customers minus interruptible sales customers as well as transportation customers." D.T.E. 03-40 at 377. Please explain whether the Company complied with this directive. Provide the calculations used to compute total throughput and total customers.
- AG 24-27 Please provide a copy of the Company's response to D.T.E-05-16.
- AG 24-28 Refer to the Company's response to AG-3-32. The Company states that it has specific concerns regarding Itron's commitment to the Metscan product line. Identify what the Company's concerns were and explain what the phrase "commitment to the Metscan product line" means as it is used in this response.
- AG 24-29 Refer to the Attachment AG-3-32(c). Itron states that it will continue to provide customer support for the existing Metscan MDMS/MDCC system until December 2006.
- (a) Identify the type of customer support services Itron provides for the Metscan systems.
 - (b) Provide all correspondence between the Company and Itron relating to the customer support services provided by Itron for the Metscan systems.
 - (c) Identify all costs associated with Itron's customer support services relating to the Metscan systems.
 - (d) Explain how costs relating to Itron's customer support services are accounted for and recovered by the Company.
- AG 24-30 Provide all correspondence and other documentation relating to all

customer support services Metscan provided to the Company prior to Itron's acquisition of Metscan in 1995.

DATED: June 22, 2005.